since the Bankers' Receipts were used by banks in a manner contrary to the existing regulations, which facilitated these irregularities, the penalties imposed for irregular PMS and RF transactions also took care of misuse of BRs largely. However, violation of BRs was not a specific item in the show cause notices issued to banks since such notices were issued specifically for violation of RBI's instructions on PMS and RF transactions. In the case of various other lapses in observance of the regulatory framework, separate notices were issued to 37 banks with regard to withdrawal of exemption from the maintenance of 10% incremental CRR.

Capital Adequacy Ratio of Commercial Banks

1982. SHRI DIPANKAR MUKHERJEE : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that in terms of economic survey 1993-94. Government desired that Public Sector Banks should resort to public issues to reach minimum capital adequacy ratio;

(b) what was the capital adequacy ratio of Oriental Bank of Commerce before going public; and

(c) whether it was more than that prescribed by Government, if so, what were the compelling factors for which Government allowed disinvestment of its shares in Oriental Bank of Commerce ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Yes, Sir. In terms of para 35 of Chapter 3 of the Economic Survey 1993-94 it has been inter-alia stated that as Government resources are limited, banks have to mobilise debt and equity resources from the public. RBI has intimated that banks which are in a position to go public to raise their capital funds in the form of equity will be allowed to do so.

(b) 10.2% as at 31st March, 1994.

(c) The CRAR norm prescribed by RBI was 8% by 31st March, 1996 for banks without branches abroad. Oriental Bank of Commerce has achieved the norm as at 31st March, 1994. However, the bank has been permitted to further raise its level of capital for the following reasons also in addition to achievement of capital adequacy norm :—

(i) with the growth in deposits, funded-risk assets and off-balance sheet items would increase commensurately and this would necessitate enhancement in net worth to comply with capital

(ii) As per the present RBI guidelines on lending under consortium arrangement, the share of a bank as a member of the consortium should be minimum of 5% of the fund based credit limits so as to ensure meaningful participation. This requires the banks to raise their level of capital.

(iii) The banks have also to observe the credit exposure norm of 25% of the net worth in the case of individual borrower and 50% in the case of group borrowers. to enable the bank to give credit to big borrowers/clients, enhancement of capital is necessary.

Writting off High Value Account

1983. SHRI DIPANKAR MUKHERJEE :

SHRIMATI CHANDRAKALA PANDEY :

Will the Minister of FINANCE be pleased to state :

(a) whether Government are considering making it obligatory on Public Sector Banks to refer to Special Recovery Tribunal before writing off or entering into a compromise in respect of loans where limits of loan or outstanding loans exceed Rs. 10 lakhs;

(b) if so, what is the present position in this regard; and

(c) if not, what steps Government are contemplating to guard against collusive write offs/compromises in high value accounts ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) to (c) There is no proposal regarding making it obligatory on public sector banks to seek approval of Special Recovery Tribunals before writing off or entering into a compromise in respect of loans exceeding Rs. 10 lakhs. RBI has however, issued guidelines to the banks regarding write off and compromise proposals.

Violation of Central Excise Act by Reliance Industries

1984. DR. NAUNIHAL SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Finance Ministry has confirmed the violation of the Central Excise Act by Reliance Industries Ltd. in connection with its exports of Partially Oriented Yarn (POY), if so, the details of the action taken in the matter; and

(b) whether Government are aware that in a statement to the "Economic Times", published on 7th October, 1994, a Reliance Spokesman said "Neither the Company nor any of its executives are in any way responsible for any evasion of customs duties